Supreme Court, U.S.
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No.

IN THE SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1996

PAUL ZUILL and LOU ROSSI,
Petitioners,

vs.

JOHN SHANAHAN, an individual; JOHN HERLIHY, an individual; GATEWAY EDUCATIONAL PRODUCTS, Ltd. a California corporation; HMS PUBLISHING CO., LTD, a business entity of unknown form; SHANAHAN PUBLISHING COMPANY, a business entity of unknown form; HOOKED ON PHONICS, a California Corporation; HOOKED ON MATH, a California Corporation; THE READING REVOLUTION, a California Corporation; DOES 1- 100, INCLUSIVE,
Respondents.

Petition for a Writ of Certiorari to the
United States Court of Appeals
for the Ninth Circuit

PETITION FOR A WRIT OF CERTIORARI

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July 10, 1996

65 pp

I. QUESTIONS PRESENTED

1. Will the intercircuit conflict on the application of the copyright statute of limitations (17 U.S.C. Section 507(b)) resurrect forum shopping, substantially increase litigation, and frustrate Congress' paramount goal of enhancing predictability and certainty of copyright ownership?

2. Did the Ninth Circuit in *Zuill v. Shanahan*, 80 F. 3d 1366 (9th Cir., 1996), exceed its jurisdiction by writing into the 1976 Copyright Act the doctrine of adverse possession?

3. Does the century-old constitutional principle embedded in *Stone v. Williams*, 970 F.2d 1043 (2nd Cir., 1992) that statutes of limitations bar remedies, not the assertion of rights, apply to the copyright statute of limitations (17 U.S.C. Section 507(b))?

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Paul Zuill and Lou Rossi hereby petition the Supreme Court of the United States for a writ of certiorari to review the judgment in this case of the United States Court of Appeals for the Ninth Circuit.[1]

III. ORDERS BELOW

The Order and Opinion of the United States Court of Appeals for the Ninth Circuit is found in the appendix at 1a to 13a. The Order and Amended Opinion of the United States Court of Appeals for the Ninth Circuit is found in the appendix at 14a to 27a. The Orders of the United States District Court for the Central District of California are included in the appendix at 28a to 33a. The Court of appeals has not acted on Petitioners' rehearing motion, with Petitioners' suggestion for rehearing en banc.

IV. JURISDICTION

The Ninth Circuit Court of Appeals rendered its judgment on April 10, 1996. This Court has jurisdiction under 28 U.S.C. Section 1254(1).

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1. All parties to the proceeding appear in the caption to the case.

V. CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

A. Constitutional and Federal Statutory Provisions

Constitution of the United States,
Article I: Section 8, Clause 8, Supreme Law

The Congress shall have Power To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;

Title 17 Section 101 Definitions

. . .

A work is "created" when it is fixed in a copy or phonorecord for the first time; where a work is prepared over a period of time, the portion of it that hasbeen fixed at any particular time constitutes the work as of that time, andwhere the work has been prepared in different versions, each version constitutes a separate work.

. . .

Title 17 Section 302 Duration of copyright: Works created on or after January 1, 1978

(a) In general. Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the following subsections, endures for a term consisting of the life of the author and fifty years after the author's death.

(b) Joint works. In the case of a joint work prepared by two or more authors who did not work for hire, the copyright endures for a term consisting of the life of the last surviving author and fifty years after such last surviving author's death.

. . .

Title 17 Section 507(b) Infringement:Limitations of Actions

No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.

VI. STATEMENT OF THE CASE

A. FACTS MATERIAL TO CONSIDERATION OF QUESTIONS PRESENTED

After writing, scoring and producing the music to the educational program Hooked on Phonics, Zuill and Rossi brought a declaratory relief action in federal court to vindicate their copyright ownership of the ***Hooked on Phonics*** work. The Ninth Circuit in ***Zuill v. Shanahan,*** 80 F. 3d 1366 (9th Cir., 1996), held that their action was barred under 17 U.S.C. § 507(b) because there was a repudiation of ownership three years prior to the suit. In so ruling, the Ninth Circuit adopted the doctrine of adverse possession and concluded that 17 U-S.C. § 507(b) bars not only the remedy but divests Zuill and Rossi of their copyright ownership. *Id.* at 1370.

The Ninth Circuit's decision directly conflicts with the holding in the Second Circuit case of ***Stone v. Williams***, 970 F.

2d 1043 (2d Cir. 1992) *cert. denied* ___ U.S.- ___, 113 S.Ct. 2331, 124 L.Ed.2d 243, 61 U.S.L.W 3771 (1993) . ***Stone,*** is the only other decision to address the application of 17 U.S.C. § 507(b) to copyright ownership and came to the diametrically opposed conclusion that 17 U.S.C. § 507(b) does not bar the substantive right of copyright ownership. Instead, only the remedies are limited to three years from the date that suit is filed. Given the fact that both the case at bar and ***Stone***, *supra*, concern the application of 17 U.S.C. § 507(b) in the context of a declaratory relief action to vindicate copyright ownership, they are indistinguishable As such, the Ninth Circuit's decision has created an intercircuit conflict that will have a profound and negative impact on the national application of the copyright statute of limitations.

For example, the identical suit which is barred in the Ninth circuit for being untimely will be fully litigated in the Second Circuit. The result will be a rush of forum shoppers which is the very evil 17 U.S.C. § 507(b) was expressly designed to eradicate.

Moreover, this court's review is particularly appropriate because while the ***Stone,*** *supra,* decision is based upon fundamental principles of constitutional law, the Ninth Circuit's ruling creates new law, incorporating for the first time in the Copyright Act's history, the ***doctrine of adverse possession***. Therefore, given the inexorable conflict between the Circuits and the resulting open invitation to forum shop, the instant Petition for Writ of Certiorari should be granted.

B. BASIS FOR FEDERAL JURISDICTION

The underlying action included a federal question of

copyright ownership. The District Court had subject matter jurisdiction over the exclusive federal question of copyright ownership pursuant to 28 U.S.C. § 1338, 28 U.S.C. § 1331 and 17 U.S.C. § §101 et seq.

VII. REASONS FOR GRANTING THIS PETITION

A. QUESTION 1: THE INTERCIRCUIT CONFLICT ON THE APPLICATION OF THE COPYRIGHT STATUTE OF LIMITATIONS WILL RESURRECT FORUM SHOPPING, SUBSTANTIALLY INCREASE LITIGATION, AND FRUSTRATE CONGRESS' PARAMOUNT GOAL OF ENHANCING PREDICTABILITY AND CERTAINTY OF COPYRIGHT OWNERSHIP.

1. THERE IS A DIRECT IRRESOLVABLE CONFLICT BETWEEN THE NINTH AND SECOND CIRCUITS ON THE APPLICATION OF THE COPYRIGHT STATUTE OF LIMITATIONS, 17 U.S.C. SECTION 507(b).

Both the Ninth Circuit's ***Zuill v. Shanahan*** case, *supra,* and the Second Circuit's ***Stone*** case, *supra*, addressed the same issue -- the application of Section 507(b) to declaratory relief actions to establish an ownership interest in a copyright -- and each Circuit came to a diametrically opposed conclusion. In ***Zuill v. Shanahan***, *supra*, the Ninth Circuit applied the doctrine of adverse possession and held that, "Claims of co-ownership. . .accrue when plain and express repudiation of co-ownership is communicated to the claimant, and are barred three years from the time of repudiation." *Id.* at 1369. Accordingly, the Ninth Circuit held that Zuill and Rossi' declaratory relief action was time barred.

The Ninth Circuit's sui generis ruling that 17 U.S.C. Section 507(b) bars the rights of copyright owners[2], directly conflicts with the holding of the Second Circuit's decision of ***Stone,*** *supra,* that the statute only bars remedies, not the assertion of substantive rights (i.e. remedies are limited to three years from the date suit is filed). According to ***Stone:***

> "[Merely because Stone could have brought suit in 1979 does not prevent her suit (only some of the relief sought) in 1985. To hold otherwise would ignore the long established rule that statutes of limitations bar remedies, not the assertion of rights. [ ]. . .[E]xcept in the rare instance when the statute creating the substantive right makes the limitation period a part of, or qualification on, the right itself, a limitation statute establishes no unalterable legal relationships [ ]. . .As with a copyright itself, a copyright renewal is a creature of statute. [ ] One's entitlement to a copyright or a renewal is therefore determined by statute and ***the statute nowhere suggests that one loses a right to renewals merely by delaying assertion of that right.*** . . ." *Id.* at 970 F.2d 1043, 1050-1051. (Emphasis added.)

The fact that the diametrically opposed holdings in ***Stone,*** *supra,* and ***Zuill v. Shanahan***, *supra,* cannot be reconciled is

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2. The Ninth Circuit's ***Zuill v. Shanahan***, *supra,* case is the ***only*** reported federal decision that added the common law doctrine of adverse possession to the Copyright Act.

highlighted by the facts of the two cases. In ***Stone***, *supra,* the plaintiff sought to establish her copyright ownership in renewal rights to the music of Hank Williams Sr. based *solely* on her *status* as Hank Williams' biological daughter.[3] Despite the fact that the Court in ***Stone*** found that Ms. Stone waited over four years to bring her declaratory relief action to vindicate her copyright ownership, the Court held that her suit was timely (only her remedies beyond the three year period were barred).

In ***Zuill v. Shanahan***, *supra*, Zuill and Rossi have a much stronger claim to copyright ownership than the Plaintiff in ***Stone***, *supra,* because their copyright ownership is based not on mere familial status, but on their original contributions to the creation of the ***Hooked on Phonics*** product. If the three year statute does not bar the substantive right of copyright ownership based on mere familial status, then there is no rational basis to apply the *same* three year statute to bar Zuill and Rossi from vindicating their copyright ownership as the original co-creators of ***Hooked on Phonics***.

This duplicitous application of the statute of limitations (17 U.S.C. Section 507(b)) is antithetical to the fundamental notion that there is but one federal copyright law, which is to be uniformly applied in *all* circuits. Since only this Court can restore the uniform application of the Copyright Act by resolving the intercircuit conflict, the instant writ should be granted.

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3. Williams was a prolific song-writer and performer who, before his early death at 29, recorded over 100 songs, which sold millions of records, including, "Your Cheatin' Heart," "Hey Good Lookin," and "I'm so Lonesome I Could Cry."

2. FORUM SHOPPING WILL RETURN UNLESS THIS COURT RESOLVES THE INTERCIRCUIT CONFLICT.

The direct and hopelessly irresolvable conflict between the Ninth and Second Circuits will preclude a uniform application of 17 U.S.C. Section 507(b), and thereby open the flood gates to the scourge of forum shopping. Indeed, the three year statute was enacted in 1957 for the *express* purpose of implementing a national statute that would, above all, be uniformly applied throughout the country.

According to the Senate Report on the bill that became 17 U.S.C. Section 115(b)[4]:

> "In civil copyright actions at present the courts apply the law of the state in which the action is brought with respect to the limitation on commencement of action. . . . This in turn also permits "forum shopping" by claimants. . .*[I]t is highly desirable to provide a uniform period throughout the United States*. . ." Senate Report Number 1014, 85th Congress, 1st Session 3 (1957) reprinted in 1957 U.S. Code Cong. & Admin. News, Vol. 2, 1961 (Appendix "34a to 40a") (Emphasis added).

The very evil that the three year statute was designed to remedy, forum shopping, will most assuredly resurface as a result of the intercircuit conflict created by the Ninth Circuit's

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4. Section 115(b), the predecessor to Section 507(b) is basically the mirror image of Section 507(b).

rejection of ***Stone***, *supra*. Copyright claimants who have waited more than three years to vindicate their ownership rights will be able to completely avoid the Ninth Circuit bar by simply filing in the Second Circuit where the statute, pursuant to constitutional doctrine, only bars remedies, not the substantive rights of ownership.

The inconsistent and conflicting application of the national copyright statute is anathema to the rule of law. Forum shopping, as Justice Frankfurter aptly observed, seriously undermines the integrity of the judicial system:

> "The operation of a double system of conflicting law within the same state is plainly hostile to the reign of law." ***Guaranty Trust Co. of New York v. York***, 326 U.S. 99, 112, 655 S.Ct.1464, 89 L. Ed. 2079 (1945).

Therefore, consistent with the express purpose behind the enactment of the three year statute, to eliminate forum shopping, this Court should grant the writ, and put to bed the "double system of conflicting laws."

3. THE NINTH CIRCUIT'S ADOPTION OF THE COMMON LAW DOCTRINE OF ADVERSE POSSESSION WILL INCREASE COPYRIGHT OWNERSHIP LITIGATION.

Under the Ninth Circuit's analysis in ***Zuill v. Shanahan***, *supra*, it is no longer that law that "copyright in a work . . . subsists from its creation . . ." 17 U.S.C § 302(a), nor will copyright "endure for a term consisting of the life of the last surviving author and fifty years . . ." 17 U.S.C § 302(b).

Instead, the Ninth Circuit has held that claims of co-ownership accrue "when plain express repudiation of co-ownership is communicated." ***Zuill v. Shanahan, Id.*** at 1369. This is inconsistent with the Copyright Act which provides that ownership accrues at the time that the original work is fixed in tangible form. 17 U.S.C § 101. Moreover, the Ninth Circuit's analysis assumes that Zuill and Rossi's ownership does not arise until after they file a lawsuit. However, the Copyright Act is clear. Zuill and Rossi owned Hooked on Phonics at time of its creation and the statute of limitations should not divest them of the same.[5]

The Ninth Circuit's analysis requires authors to file declaratory relief actions at the slightest whisper of an adverse claim, no matter how baseless the claim. To do otherwise is to risk the forfeiture of the copyright. In addition, this system ignores the presumptions raised by filing a copyright certificate (which Shanahan did not do). Such a system is unworkable on its face and will create a clog on the already crowded federal courts.

4. THERE CAN BE NO PREDICTABILITY OR CERTAINTY OF COPYRIGHT OWNERSHIP AS LONG AS THE INTERCIRCUIT CONFLICT EXISTS.

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5. It is interesting to note that the Ninth Circuit has not only utilized the statute of limitations to divest Zuill and Rossi's 2/3 property ownership interest in ***Hooked on Phonics***, but has also *vested* Shanahan with an additional 2/3 property interest in ***Hooked on Phonics***.

As the Ninth Circuit in ***Zuill v. Shanahan*** correctly noted,

> "The Supreme Court has reminded us that 'Congress' paramount goal in revising the 1976 Action [was] enhancing predictability and certainty of copyright ownership." ***Community for Non-violence v. Reid,*** 109 S. Ct. 2166, 2177 (1989)." ***Zuill v. Shanahan,*** *Id.* at 1370.

As long as there are two conflicting decisions concerning the application of the copyright statute of limitations which emanate from the two powerhouse circuits involved in copyright litigation, there can be no predictability or certainly of copyright ownership. Indeed, a copyright claimant who has waited more than three years to file suit in a circuit other than the Ninth or Second Circuits presently has no way of knowing whether his or her copyright ownership will be dead on arrival at the courthouse steps, or completely viable subject only to the three year limitation on remedies.

Of equal or greater concern is the fact that the intercircuit conflict can only intensify and spread like a cancer on the judiciary, as the remaining Circuit Courts must decide whether to follow ***Stone***, *supra*, or ***Zuill v. Shanahan,*** *supra*. The Circuits will take on the characteristics of a checkerboard in their inconsistent application of the ***identical*** statute. In short, this Court should grant the instant writ to resolve this intercircuit conflict and avoid the embarrassment and disrepute that is otherwise likely to fall upon the federal judiciary.

B. QUESTION 2: THE NINTH CIRCUIT IN *ZUILL V. SHANAHAN* EXCEEDED ITS JURISDICTION BY WRITING INTO THE 1976 COPYRIGHT ACT THE DOCTRINE OF ADVERSE POSSESSION.

1. ARTICLE I, SECTION 8, CLAUSE 8, OF THE U.S. CONSTITUTION MANDATES THAT CONGRESS, AND NOT THE JUDICIARY, "SHALL HAVE THE POWER TO SECURE EXCLUSIVE RIGHTS TO AUTHORS."

The Ninth Circuit exceeded its jurisdiction by writing the doctrine of adverse possession into the 1976 Copyright Act. Indeed, by Constitutional mandate, the power to create copyright law rests with the Congress, not the Courts. Article I, Section 8, Clause 8, of the U.S. Constitution provides,

> "The Congress shall have the Power. . .To promote the Progress of Science and useful Arts, by securing for limited Times to Authors . . . the exclusive Right to their . . . Writings . . ."

From the inception of this country this Court has been fastidious in deferring to the will of Congress on matters of copyright law. Thus, in the case of ***Wheaton and Donaldson v. Peters and Grigg,*** 33 U.S. 591, 664 (1834), this Court reviewed the statutory requirement that multiple notice be given to perfect a copyright. In response to the argument that the notice requirement was "unimportant" and should be disregarded, this Court held,

"If they [multiple notices] are indeed wholly

> unimportant, congress acted unwisely in requiring them to be done. But whether they are important or not is not for the court to determine, but the legislature." Id.

Since a copyright is created by federal statute, passed in the exercise of the power vested in Congress by the U.S. Constitution, it is for the Congress, not the judiciary, to determine whether adverse possession should become part of copyright law. In light of the fact that adverse possession is not part of the 1976 Copyright Act (or any other federal copyright act), this Court has no authority to invade the province of Congress by "legislating" adverse possession into law.

2. COPYRIGHT IS A CREATURE OF STATUTE AND THE 1976 COPYRIGHT ACT NOWHERE SUGGESTS THAT ONE LOSES A RIGHT OF OWNERSHIP BY DELAYING ASSERTION OF THAT RIGHT.

As the ***Stone*** decision made clear, there is nothing in Title 17 that requires a copyright claimant to vindicate his or her rights to copyright ownership within the three year limitations period. *Id.* at 970 F.2d 1051.

> "As with a copyright itself, a copyright renewal is a creature of statute, [ ]. . .In order for Plaintiff to be entitled to a share of copyright renewals under Sections 24 and 304(a), she need only be a "child" of the author. ***One does not lose such status because of delay in asking a court to declare it. . .***" ***Stone***, *Id.* at 970 F.2d 1051 (emphasis added).

In like fashion, in order for Zuill and Rossi to be entitled to vindicate their copyright ownership in Hooked on Phonics, they need only satisfy the statutory requirements of 17 U.S.C. 101 by contributing original material to the joint work. They should not lose their status as "Joint Authors" because of a delay in asking a court to declare it.

Not only is the doctrine of adverse possession not part of the 1976 Copyright Act, but any notion of applying the doctrine to copyright law is repugnant to the legislative history of the three year statute. In ***Prather v. Nova-Paperbacks, Inc.***, 446 F.2d 338, 340 (5th Cir., 1971), the Court relied on legislative history to hold that the three year statute "affects the remedy only, not the substantive right":

> "The Senate report on the bill which became the limitations statute makes it clear that the intent of the drafters was that the limitations period would affect the remedy only, not the substantive right. . ." See S.Rep. No. 1014, 85th Congress., 1st Session 3 (1957) reprinted in 1957 U.S. Code Cong. & Admin. News, Vol. 2, 1961, 1963 ("Appendix "34a to 40a").

Finally, it is critical to note that in the absence of any Congressional adverse possession statute, there is no other basis for the Ninth Circuit to adopt sua sponte adverse possession. As Justice Brandeis stated in ***Erie Railroad Company v. Tompkins,*** 304 U.S. 64, 78; 58 S.Ct. 817, 82 L. Ed. 1188 (1938), "There is no federal general common law." Also see ***O'Melveny and Myers v. F.D.I.C.,*** U.S. 114 S.Ct. 2048, 129 L. Ed. 2d 67 (1994), wherein this Court held that the principle that federal common law will be developed only in those situations involving a "significant conflict between some federal

federal policy or statute and the use of state law" will be read strictly.

In short, in the absence of any Congressional act recognizing adverse possession in Title 17, and the lack of any federal common law involving adverse possession in general, the Ninth Circuit simply has no authority or jurisdiction to write adverse possession into the Copyright Act.

C. QUESTION 3: THE CENTURY-OLD CONSTITUTIONAL PRINCIPLE EMBEDDED IN *STONE*, THAT STATUTES OF LIMITATIONS BAR REMEDIES, NOT THE ASSERTION OF RIGHTS, APPLIES TO THE COPYRIGHT STATUTE OF LIMITATIONS (17 U.S.C. § 507 (b)).

1. THE CONSTITUTIONAL PRINCIPLE, THAT STATUTES OF LIMITATIONS BAR REMEDIES, NOT OWNERSHIP RIGHTS, APPLIES TO THE COPYRIGHT STATUTE.

As a matter of constitutional law, this Court has consistently and repeatedly held that statutes of limitations such as Section 507(b) limit the remedy only, and do not destroy, divest or extinguish the underlying substantive rights of ownership.

This principle has been part of American jurisprudence at least as early as 1834. See ***Bank of the United States v. Donnelly***, 33 U.S. (8 Pet.) 361 (1834). Over a century later, this Court reaffirmed this inviolate edict on constitutional grounds.

> "[A]s a matter of constitutional law. . .statutes of limitations go to matters of remedy, not to destruction of fundamental rights." ***Chase Securities Corporation v. Donaldson,*** 325 U.S. 304, 314, 89 L. Ed. 1628, 65 S.Ct. 1137 (1944); *reh. denied*, 325 U.S. 896, 89 Ed. 2006, 65 S.Ct. 1561.

"The truth", according to this Court, "is that the statutes of limitations affect the remedy only, and do not impair the right . . ." ***Campbell v. Haverhill,*** 155 U.S. 610, 618 (1885). This "truth" has been expressly adopted and consistently applied in every circuit including the Ninth Circuit. Thus, in ***Osmundsen v. Todd Pacific Shipyard,*** 755 F.2d 730, 733 (9th Cir. 1985), the Court recently held that,

> "Statutes of limitations generally cut off the remedy without extinguishing the right. [ ]"

As noted above, the Ninth Circuit applied Section 507 (b) as a *complete bar* to Zuill and Rossi's copyright action. This complete bar violates the unequivocal Supreme Court commandment that a statute of limitations bars remedies, not rights. Accordingly, the Ninth Circuit's decision is fundamentally flawed, and should be vacated.

2. THE *STONE* CASE IS CORRECTLY DECIDED AND SHOULD BE FOLLOWED BY ALL THE CIRCUITS.

The holding in Stone, supra, that Section 507 (b) cannot be applied to terminate copyright ownership, should be followed by all the Circuits as it rests on the century-old constitutional doctrine that statutes of limitations bar remedies,

> "[M]erely because Stone could have brought suit in 1979 does not prevent her suit (only some of the relief sought) in 1985. To hold otherwise would ignore the long established rule that statutes of limitations bar remedies, not the assertion of rights. [ ]" 970 F. 2d 1043, 1051

Thus, in light of ***Stone's*** reliance on the constitutional edict of this Court, this Court should grant the writ and affirm the ***Stone*** decision.

VII. CONCLUSION

Petitioners respectfully request that this Court grant this Petition for Writ of Certiorari.

Respectfully submitted,

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July 10, 1996

APPENDIX

EDITOR'S NOTE

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FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PAUL ZUILL; LOU ROSSI,
Plaintiffs-Appellants,

v.

JOHN SHANAHAN, an Individual; JOHN HERLIHY, an Individual; GATEWAY EDUCATIONAL PRODUCTS, LTD., a California Corporation, et al.; HMS PUBLISHING CO., LTD., a Business Entity of Unknown Form; SHANAHAN PUBLISHING COMPANY, a Business Entity of Unknown Form; HOOKED ON PHONICS, a California Corporation; HOOKED ON MATH, a California Corporation; THE READING REVOLUTION, a California Corporation,
Defendants-Appellees.

No. 93-56217
D.C. No.
CV-91-00561-GLT
OPINION

Appeal from the United States District Court
for the Central District of California
Gary L. Taylor, District Judge, Presiding

Argued and Submitted
March 7, 1995—Pasadena, California

Filed April 10, 1996

Before: Mary M. Schroeder and Andrew J. Kleinfeld, Circuit Judges, and Samuel P. King, District Judge.*

*The Honorable Samuel P. King, Senior United States District Judge, for the District of Hawaii, sitting by designation.

Opinion by Judge Kleinfeld

SUMMARY

Intellectual Property/Copyrights/Statutes of Limitation

The court of appeals affirmed a district court summary judgment but reversed an award of costs. The court held that claims of copyright co-ownership, as distinct from claims of infringement, accrue when express repudiation of co-ownership is communicated to the claimant and are barred three years from the time of repudiation. The court also held that certain expenses awarded as costs were improper because they could only be awarded as attorneys' fees.

Appellee John Shanahan developed Hooked on Phonics, a program which includes audio tapes and flash cards to help children to read. Shanahan brought in appellants Paul Zuill and Lou Rossi to improve the music. In January 1987, Shanahan presented a written financial agreement to Zuill and Rossi. The agreement also recited that Shanahan's company was the sole owner and copyright holder of Hooked on Phonics. Zuill and Rossi did not sign the agreement because they disagreed as to the amount of payment. They did not argue about Shanahan's claim to be the sole owner of the copyright.

Shanahan expressly and repeatedly claimed sole ownership of the copyright in 1986 and 1987 by including a written copyright notice in copies of the product. In the 1990's, Shanahan first started making a profit from sales of Hooked on Phonics. In October 1991, Zuill and Rossi sued Shanahan claiming to be co-owners of one-third interests in Hooked on Phonics and seeking declartory relief and an accounting of their shares.

Zuill and Rossi contended they were authors of a joint work so that copyright vested in them as well as Shanahan as

co-owners. Shanahan argued that if Zuill and Rossi had a claim to be co-owners, it accrued no later than early 1987, so the 1991 lawsuit was barred by the applicable three-year statute of limitations (17 U.S.C. 507(b)). Zuill and Rossi responded that so long as their music was used in Hooked on Phonics, a new claim arose every time the product was sold, and their 1991 suit was not barred for sales after 1988.

The district court granted summary judgment for Shanahan on the copyright claims, holding they were time barred. The court awarded Shanahan costs, but not attorneys' fees.

On appeal, in addition to their prior claims, Zuill and Rossi contended that the district court erred in characterizing certain expenses as costs.

[1] The claims of co-ownership, as distinct from claims of infringement, accrue when plain and express repudiation of co-ownership is communicated to the claimant, and are barred three years from the time of repudiation.

[2] Zuill and Rossi argued that their right to co-ownership lasts as long as the copyright can and only their remedy for stale infringements is barred. This argument failed because they have not sued for infringement and could not. They are suing as co-owners. A co-owner has the right to use the copyright and therefore cannot be an infringer. A co-owner's duty to account to other co-owners for profits is not an infringement claim.

[3] Because they had no infringement claim, Zuill's and Rossi's action could not withstand the statute of limitations.

[4] There was some similarity between co-ownership of a copyright and tenancy in common in real property: an express ouster of a cotenant by an unequivocal act of ownership starts the adverse possession statute of limitations running. Copy-

right, like real estate, lasts a long time, so stability of title has great economic importance.

[5] Any administrative gain in allowing putative co-owners to wait to see whether there is pecuniary value to a law suit before cluttering the court is offset by the burden to development and marketing by a co-owner. It is unfair to allow the putative co-owner to wait for years after his claim has been repudiated while large amounts are spent on development.

[6] Shanahan's plain and express repudiation in 1986 and 1987 of any claim to co-ownership caused Zuill's and Rossi's action to accrue, and their action was barred by the statute of limitations. An infringement occurs every time the copyrighted work is published, but creation does not. Creation was the gravamen of the co-ownership claim, so the claim did not accrue upon subsequent publication.

[7] The district court awarded costs for fees paid to another law firm to get certified copies to prove copyright registration. [8] Some of those expenses were for related intellectual effort involved in their production. Such fees could only be awarded as attorneys' fees. [9] Similarly, the district court improperly characterized expenses for hiring an outside firm to summarize depositions as costs. Such expenses could only be awarded as attorneys' fees. [10] The district court should amend its judgment to delete those costs.

COUNSEL

Michael Q. Eagan, Law Offices of Michael Q. Eagan, San Francisco, California, for defendant-appellee Shanahan. Scott R. Miller, Riordan & McKinzie, Los Angeles, California for defendants-appellees Herlihy et al.

Cameron M. Jolly and G. David Tenenbaum (On The Briefs), David A. Weinfeld (Argued), Weinfeld & Mixon, Costa Mesa, California for the plaintiffs-appellants.

OPINION

KLEINFELD, Circuit Judge:

This case turns on construction of the copyright statute of limitations, 17 U.S.C. § 507(b), as applied to claims of co-ownership. There is also an issue of costs.

FACTS

Mr. Shanahan came up with the idea which eventually became "Hooked on Phonics." This is program, which includes audio tapes and flash cards, to assist children in learning how to read. Mr. Shanahan created what became Hooked on Phonics by setting vowel and consonant sounds to Three Blind Mice on audiotapes, to help his son learn how to read. Later, Mr. Shanahan brought in an arranger and piano teacher, Mr. Zuill, and a percussionist, Mr. Rossi, to improve the music. Music was used to make the drill and practice more enjoyable for the children who would use the tapes.

There was some ambiguity about who was to be paid how much. Eventually, in January of 1987, Mr. Shanahan presented Mr. Zuill and Mr. Rossi with a written agreement saying that each of them would get two and one half percent of "profits from the sale of Hooked on Phonics." The agreement also recited that Mr. Shanahan's company, HMS Publishing Company, Ltd., was the "sole owner and copyright holder of 'Hooked on Phonics.' " Mr. Zuill and Mr. Rossi thought that the two and a half percent should be applied to gross sales, not profits, and they refused to sign the agreement. Mr. Shanahan responded, according to Mr. Rossi, by saying "that's all I can give you. Take it or leave it." None of the parties recalled arguing about Shanahan's claim to be the sole owner of the copyright, when the compensation arrangement was proposed in 1987.

Though Mr. Shanahan disputes some of the facts as set out below, for purposes of summary judgment, we present the

evidence in the light most favorable to the opponents of the motion, Mr. Zuill and Mr. Rossi. *United States ex rel. Anderson v. Northern Telecom, Inc.*, 52 F.3d 810, 815 (9th Cir. 1995). We assume for purposes of this decision that the music had sufficient originality to be copyrighted, and that the same music was used on the tapes from 1987 to 1991. We further assume, for purposes of this decision, that Mr. Zuill and Mr. Rossi provided sufficient creative input so that there would be a genuine issue of fact as to whether their work could have been copyrighted. These factual questions need not be decided in order to resolve the case. What is critical to this case and is not disputed, is that any claims to ownership by Mr. Zuill and Mr. Rossi were expressly repudiated by Mr. Shanahan and his company in 1987. Mr. Shanahan had also claimed to be the "sole owner" in an earlier proposed financial agreement.

Mr. Shanahan and the corporations he used to market Hooked on Phonics and its predecessors expressly and repeatedly claimed sole ownership of the copyright in 1986 and 1987. They did so by saying so expressly in writing, and by furnishing copies of the Symphonics product in August 1986 with a printed copyright notice. The compensation agreement tendered in January of 1987 claimed sole ownership of the copyright. In the Spring of 1987, Mr. Zuill received a copy of Hooked on Phonics, stating in writing that HMS Publishing Company owned the copyright, and he learned at that time that Mr. Shanahan's company was marketing the product.

Mr. Shanahan was unsuccessful, for quite some time, in his marketing. He first called it Symphonics, then McPhonics when he was trying to sell it through McDonald's, finally Hooked on Phonics. The product was gradually improved and expanded, and eventually caught on. During the first few years, no profits were made, and Mr. Shanahan advised Mr. Zuill and Mr. Rossi of that.

Then in the 1990s, Mr. Shanahan, through the corporation he used to sell Hooked on Phonics, started making money

from it. Mr. Zuill and Mr. Rossi sued him in October of 1991, claiming to be co-owners of one-third interests in Hooked on Phonics. They sought a declaratory judgment of co-ownership, an injunction, an accounting for their claimed share, and other relief.

The district court granted summary judgment against Mr. Zuill and Mr. Rossi on the copyright claims, holding that they were barred by the statute of limitations. The court declined to exercise supplemental jurisdiction over the state claims, breach of contract and others, and dismissed them without prejudice so that they could be adjudicated in state court.

ANALYSIS

The district court found the action barred by the copyright statute of limitations, 17 U.S.C. § 507(b), and granted summary judgment to the defendants. We review the district court's grant of summary judgment *de novo*. *Jesinger v. Nevada Federal Credit Union*, 24 F.3d 1127, 1130 (9th Cir. 1994).

1. Statute of Limitations.

Mr. Zuill and Mr. Rossi claim to be "authors of a joint work," so that copyright vested in them as well as Mr. Shanahan as "co-owners." 17 U.S.C. § 201(a). It is possible, under the evidence developed at the time of summary judgment, that the work of Mr. Zuill and Mr. Rossi could have been "for hire," so that Mr. Shanahan was the author for purposes of copyright, 17 U.S.C. § 201(b). Mr. Zuill and Mr. Rossi did not claim that Mr. Shanahan was not an owner, just that they were co-owners. Mr. Shanahan's successful defense in district court was that the co-ownership claim was barred by the statute of limitations.

[1] This copyright action pursuant to Title 17 of the United States Code was governed by a three year statute of limitations:

> **(b) Civil Actions.** No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.

17 U.S.C. § 507(b). Mr. Shanahan's theory, which prevailed below, is that if Mr. Zuill and Mr. Rossi had a claim to be co-owners, it accrued no later than early 1987, so the 1991 law suit was barred. Mr. Zuill's and Mr. Rossi's theory is that so long as their music was used in Hooked on Phonics, a new claim arose every time the product was sold, and their 1991 law suit was not barred for sales during the three years from 1988 to 1991. We conclude that claims of co-ownership, as distinct from claims of infringement, accrue when plain and express repudiation of co-ownership is communicated to the claimant, and are barred three years from the time of repudiation.

[2] The putative co-owners, Mr. Zuill and Mr. Rossi, argue that the statute of limitations cuts off the remedy, but not the right. By that, they mean their right to co-ownership lasts as long as the copyright can — lives of the creators plus fifty years, 17 U.S.C. § 302(b) — and only their remedy for stale infringements would be barred. This argument fails because they have not sued for infringement and could not. They claim to be co-owners with defendants. "A co-owner of a copyright cannot be liable to another co-owner for infringement of the copyright." *Oddo v. Ries*, 743 F.2d 630, 632-33 (9th Cir. 1984). Because a co-owner is an owner, he has a right to use or license the use of the copyright, and cannot be an infringer: his duty to account to other co-owners for profits arises from equitable doctrines relating unjust enrichment and general principles of co-ownership, and does not amount to an infringement claim. *Id.* at 633. An infringement claim can be brought only against one who violates "the exclusive rights of the copyright owner," *see* 17 U.S.C. § 501(a), (b), and an owner does not have rights exclusive of a co-owner's, so an infringement claim cannot lie against a co-owner.

[3] Because they have no infringement claim, we cannot identify an asserted right of plaintiffs which can withstand the statute of limitations. The remedy they seek is a declaration that they are co-owners, and none of the subsidiary remedies, for an accounting and so forth, are independent of that remedy.

Plaintiffs cite legislative history, which says that the intention of Congress was that the statute of limitations would extend to remedies and not substantive rights.[1] The legislative

[1]"The committee wishes to emphasize that it is the committee's intention that *the statute of limitations, contained in this bill, is to extend to the remedy of the person affected thereby, and not to his substantive rights.* With regard to this point the House report states:

> It may be well to point out that statutes of limitations take the form of a limitation upon the substantive right or upon the remedy. Under the former, the right of action is extinguished at the end of the period and the courts usually have no jurisdiction with regard to actions that are not instituted within the appropriate period. In addition, the courts generally do not permit the intervention of equitable defenses or estoppel where there is a limitation on the right.
>
> Under the remedial type of statute, the basic right is not extinguished, but the limitation is applied merely to the remedy. In some instances the right itself can be enforced *collaterally*, as in the case of a mortgage foreclosure subsequent to the expiration of a statutory limitation period for payment of a debt. *Equitable considerations are available to prolong the time* for bringing suit in such cases where there exist the *disabilities* of insanity or infancy, absence of the defendant from the jurisdiction, fraudulent concealment, etc.
>
> As far as this committee has been able to ascertain, all State statutes of limitation, which now govern the Federal courts in copyright actions, are limitations upon the remedy, and the present bill has been drawn to apply this concept to a uniform Federal period of limitations. The committee has not been unmindful that the 6-year statute of limitations in the Patent Code (35 U.S.C. 286) is a limitation upon the substantive right rather than upon the remedy. However, the relatively longer period limitation pro-

history does not speak to the issue in the case. Plaintiffs were not attempting to enforce their right collaterally in the manner described in the legislative history, or to assert any sort of equitable tolling, or otherwise to claim a remedy not barred. A claim for declaratory relief is subject to a statute of limitations generally applicable to civil claims, *see Levald v. City of Palm Desert*, 998 F.2d 680, 688 (9th Cir. 1993).

There is a surprising lack of precedent on the question of when a cause of action claiming co-ownership of a copyright accrues. Plaintiffs rely on a Second Circuit case, which held that the statute of limitations did not bar a claim of ownership. *See Stone v. Williams*, 970 F.2d 1043 (2d Cir. 1992). It may be that *Stone* is distinguishable because of its "highly idiosyncratic facts," *see* 1 M. Nimmer & D. Nimmer, Nimmer on Copyright, § 12.05 n.2.2 (1992), such as that Hank Williams's daughter's claim to be an owner had to await judicial determination in that she was in fact Hank Williams' daughter and heir. Her ownership claim was based on being an heir rather than being a joint creator. *See Stone v. Gulf American Fire & Casualty Co.*, 554 So.2d 346 (Ala. 1989). Because it is not controlling authority in this circuit, we need not decide whether *Stone* is properly distinguishable.

We have accepted the proposition, applied in *Stone*, that "the statute bars recovery on any claim for damages that accrued more than three years before commencement of suit," neither barring infringing acts within the limitations period, nor reaching back to infringements prior to the statutory period. *Roley v. New World Pictures, Ltd.*, 19 F.3d 479, 481

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vided therein compensates for the difference in concept. Moreover, it was considered that the long-standing fact that both the copyright bar and the courts have become accustomed to a limitation based upon the remedy warranted a continuation of this concept in the present bill.

S.Rep. 85-1014, p. 1963 (1957) (emphasis added).

(9th Cir. 1994); *cf. Jackson v. Axton*, 25 F.3d 884, 887 n.2 (9th Cir. 1994). That proposition has no application to a co-ownership claim, as opposed to an infringement claim. Although "laches may be a defense to an action seeking a declaration of co-authorship," the defense here, statute of limitations, is legal rather than equitable, so it "may give defendants repose" and is not "premised on a showing of prejudice." *Jackson*, 25 F.3d at 887-88.

[4] Plaintiffs argue that this construction of the statute which we adopt creates something like adverse possession to copyright ownership. We accept that there is some similarity between co-ownership of a copyright, and tenancy in common in real property. *See, e.g., Stone*, 970 F.2d at 1048 (claim accrued at time that "a reasonably diligent person . . . would have been put on inquiry as to existence of a right . . ."). An express or implicit ouster of a cotenant by an unequivocal act of ownership starts the adverse possession statute of limitations running. 4 Tiffany, *The Law of Real Property* § 1185 (3rd ed. 1975); 20 Am. Jur. 2d, Cotenancy and Joint Ownership, § 115, at 205-06 (1995) ("Where a cotenant has been ousted by his cotenant, the statute of limitations commences to run from the date of the ouster"). We see nothing wrong with this resemblance. Copyright, like real estate, lasts a long time, so stability of title has great economic importance. The Supreme Court has reminded us that "Congress' paramount goal in revising the 1976 Act [was] enhancing predictability and certainty of copyright ownership." *Community for Nonviolence v. Reid*, 109 S. Ct. 2166, 2177 (1989). "Because copyright ultimately serves the purpose of enriching the general public through access to creative works, it is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible." *Fogerty v. Fantasy, Inc.*, 114 S. Ct. 1023, 1030 (1994).

[5] Plaintiffs further argue the desirability of allowing putative co-owners to wait to see whether there is pecuniary value to a law suit, before cluttering the courts. But the court's

administrative gain if lawsuits can be postponed this way is offset by the burden and deterrent to development and marketing by a co-owner. It is inequitable to allow the putative co-owner to lie in the weeds for years after his claim has been repudiated, while large amounts of money are spent developing a market for the copyrighted material, and then pounce on the prize after it has been brought in by another's effort. "Delay under such circumstances allows the [putative] owner to speculate without risk with the other's money." *Haas v. Leo Feist, Inc.*, 234 F. 105, 108 (S.D.N.Y. 1916) (Learned Hand, J.).

[6] A claim for a declaratory judgment of co-ownership and the relief ancillary to such a claim is a civil action, and "[n]o civil action shall be maintained . . . unless it is commenced within three years after the claim accrued." *See* 17 U.S.C. § 507(b). Mr. Shanahan's plain and express repudiation in 1986 and 1987 of any claim to co-ownership caused Mr. Zuill's and Mr. Rossi's action, if any, to accrue, so the district court properly found the action to be barred by the statute of limitations. An infringement occurs every time the copyrighted work is published, but creation does not. Creation, rather than infringement, was the gravamen of plaintiffs' co-ownership claim, so the claim did not accrue upon subsequent publication.

2. Costs.

The district judge, in the exercise of his discretion, did not award attorneys' fees to either side. "[A]ttorneys' fees are to be awarded to prevailing parties only as a matter of the court's discretion," not automatically. *Fogerty*, 114 S. Ct. at 1033. The court awarded costs in favor of defendants.

[7] Two aspects of the costs award are challenged. First, the court awarded $3,661 which defendants paid to another law firm to get certified copies to prove copyright registration. The district court treated this as falling within the 28 U.S.C.

§ 1920(4) category of "fees for exemplification and copies of papers necessarily obtained for use in the case." Fees for exemplification and copying "are permitted only for the physical preparation and duplication of documents, not the intellectual effort involved in their production." *Romero v. City of Pomona*, 883 F.2d 1418, 1428 (9th Cir. 1989). *Crawford Fitting Company v. J.T. Gibbons, Inc.*, 482 U.S. 437 (1987) "strictly limits reimbursable costs to those enumerated in section 1920," and "a district court may not rely on its 'equity power' to tax costs beyond those expressly authorized by section 1920." *Romero*, 883 F.2d at 1428.

[8] Of these expenses, $2,114 were Copyright Office fees and expenses of photocopying the documents and shipping them to defense counsel. The remaining $1,547 was for attorneys' fees and related "intellectual effort involved in their production." *Romero* compels the conclusion that the $1,547 could be awarded, if at all, only as attorneys' fees, and not as exemplification fees awardable as costs under 28 U.S.C. § 1920.

[9] Second, the district court awarded $4,752.90 for deposition summaries prepared for defendants' law firm by "Independent Summarizers Association," apparently a firm which summarizes transcripts of depositions for attorneys. This falls within none of the subsections of 28 U.S.C. § 1920, and is a traditional legal service rather than a cost. Whether lawyers summarize their own depositions, or hire others to do it for them, a shifting of that cost must be made, if at all, under *Crawford* and *Romero* as attorneys' fees.

CONCLUSION

[10] The district court judgment is AFFIRMED, insofar as the copyright claims of the plaintiffs are dismissed. It is REVERSED, with regard to the costs award. The district court should file an amended judgment deleting the award of the contested costs described above.

FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PAUL ZUILL; LOU ROSSI,
Plaintiffs-Appellants,

v.

JOHN SHANAHAN, an Individual; JOHN HERLIHY, an Individual; GATEWAY EDUCATIONAL PRODUCTS, LTD., a California Corporation, et al.; HMS PUBLISHING CO., LTD., a Business Entity of Unknown Form; SHANAHAN PUBLISHING COMPANY, a Business Entity of Unknown Form; HOOKED ON PHONICS, a California Corporation; HOOKED ON MATH, a California Corporation; THE READING REVOLUTION, a California Corporation,
Defendants-Appellees.

No. 93-56217

D.C. No. CV-91-00561-GLT

ORDER AND AMENDED OPINION

Appeal from the United States District Court
for the Central District of California
Gary L. Taylor, District Judge, Presiding

Argued and Submitted
March 7, 1995—Pasadena, California

Filed April 10, 1996
Amended June 14, 1996

Before: Mary M. Schroeder and Andrew J. Kleinfeld, Circuit Judges, and Samuel P. King, District Judge.*

*The Honorable Samuel P. King, Senior United States District Judge, for the District of Hawaii, sitting by designation.

Opinion by Judge Kleinfeld

SUMMARY

Intellectual Property/Copyrights/Statutes of Limitation

The court of appeals affirmed a district court summary judgment but reversed an award of costs. The court held that claims of copyright co-ownership, as distinct from claims of infringement, accrue when express repudiation of co-ownership is communicated to the claimant and are barred three years from the time of repudiation. The court also held that certain expenses awarded as costs were improper because they could only be awarded as attorneys' fees.

Appellee John Shanahan developed Hooked on Phonics, a program which includes audio tapes and flash cards to help children to read. Shanahan brought in appellants Paul Zuill and Lou Rossi to improve the music. In January 1987, Shanahan presented a written financial agreement to Zuill and Rossi. The agreement also recited that Shanahan's company was the sole owner and copyright holder of Hooked on Phonics. Zuill and Rossi did not sign the agreement because they disagreed as to the amount of payment. They did not argue about Shanahan's claim to be the sole owner of the copyright.

Shanahan expressly and repeatedly claimed sole ownership of the copyright in 1986 and 1987 by including a written copyright notice in copies of the product. In the 1990's, Shanahan first started making a profit from sales of Hooked on Phonics. In October 1991, Zuill and Rossi sued Shanahan claiming to be co-owners of one-third interests in Hooked on Phonics and seeking declartory relief and an accounting of their shares.

Zuill and Rossi contended they were authors of a joint work so that copyright vested in them as well as Shanahan as

co-owners. Shanahan argued that if Zuill and Rossi had a claim to be co-owners, it accrued no later than early 1987, so the 1991 lawsuit was barred by the applicable three-year statute of limitations (17 U.S.C. 507(b)). Zuill and Rossi responded that so long as their music was used in Hooked on Phonics, a new claim arose every time the product was sold, and their 1991 suit was not barred for sales after 1988.

The district court granted summary judgment for Shanahan on the copyright claims, holding they were time barred. The court awarded Shanahan costs, but not attorneys' fees.

On appeal, in addition to their prior claims, Zuill and Rossi contended that the district court erred in characterizing certain expenses as costs.

[1] The claims of co-ownership, as distinct from claims of infringement, accrue when plain and express repudiation of co-ownership is communicated to the claimant, and are barred three years from the time of repudiation.

[2] Zuill and Rossi argued that their right to co-ownership lasts as long as the copyright can and only their remedy for stale infringements is barred. This argument failed because they have not sued for infringement and could not. They are suing as co-owners. A co-owner has the right to use the copyright and therefore cannot be an infringer. A co-owner's duty to account to other co-owners for profits is not an infringement claim.

[3] Because they had no infringement claim, Zuill's and Rossi's action could not withstand the statute of limitations.

[4] There was some similarity between co-ownership of a copyright and tenancy in common in real property: an express ouster of a cotenant by an unequivocal act of ownership starts the adverse possession statute of limitations running. Copy-

right, like real estate, lasts a long time, so stability of title has great economic importance.

[5] Any administrative gain in allowing putative co-owners to wait to see whether there is pecuniary value to a law suit before cluttering the court is offset by the burden to development and marketing by a co-owner. It is unfair to allow the putative co-owner to wait for years after his claim has been repudiated while large amounts are spent on development.

[6] Shanahan's plain and express repudiation in 1986 and 1987 of any claim to co-ownership caused Zuill's and Rossi's action to accrue, and their action was barred by the statute of limitations. An infringement occurs every time the copyrighted work is published, but creation does not. Creation was the gravamen of the co-ownership claim, so the claim did not accrue upon subsequent publication.

[7] The district court awarded costs for fees paid to another law firm to get certified copies to prove copyright registration. [8] Some of those expenses were for related intellectual effort involved in their production. Such fees could only be awarded as attorneys' fees. [9] Similarly, the district court improperly characterized expenses for hiring an outside firm to summarize depositions as costs. Such expenses could only be awarded as attorneys' fees. [10] The district court should amend its judgment to delete those costs.

COUNSEL

Michael Q. Eagan, Law Offices of Michael Q. Eagan, San Francisco, California, for defendant-appellee Shanahan. Scott R. Miller, Riordan & McKinzie, Los Angeles, California for defendants-appellees Herlihy et al.

Cameron M. Jolly and G. David Tenenbaum (On The Briefs), David A. Weinfeld (Argued), Weinfeld & Mixon, Costa Mesa, California for the plaintiffs-appellants.

ORDER

The opinion filed April 10, 1996, is amended as follows:

Slip op. page 4424, under "2. Costs." – the following footnote is to be added to the opinion after the first full sentence of the second paragraph:

Two aspects of the costs award are challenged.[2]

OPINION

KLEINFELD, Circuit Judge:

This case turns on construction of the copyright statute of limitations, 17 U.S.C. § 507(b), as applied to claims of co-ownership. There is also an issue of costs.

FACTS

Mr. Shanahan came up with the idea which eventually became "Hooked on Phonics." This is program, which includes audio tapes and flash cards, to assist children in learning how to read. Mr. Shanahan created what became Hooked on Phonics by setting vowel and consonant sounds to Three Blind Mice on audiotapes, to help his son learn how to read. Later, Mr. Shanahan brought in an arranger and piano

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[2]The District Judge has notified the panel, pursuant to General Order 10.10, that appellants did not, in the district court, challenge the costs on the ground that they were not allowed by 28 U.S.C. § 1920. They did, however, challenge the portion of the costs award which we vacate under the portions of Local Rule 16. That Local Rule includes limitations on costs like those of 28 U.S.C. § 1920. Appellee did not argue that we should reject the challenge on the ground that it was not raised in district court. The issue is purely legal. We have therefore exercised our discretion to consider the issue of conformity with the costs award to 28 U.S.C. § 1920 on appeal.

teacher, Mr. Zuill, and a percussionist, Mr. Rossi, to improve the music. Music was used to make the drill and practice more enjoyable for the children who would use the tapes.

There was some ambiguity about who was to be paid how much. Eventually, in January of 1987, Mr. Shanahan presented Mr. Zuill and Mr. Rossi with a written agreement saying that each of them would get two and one half percent of "profits from the sale of Hooked on Phonics." The agreement also recited that Mr. Shanahan's company, HMS Publishing Company, Ltd., was the "sole owner and copyright holder of 'Hooked on Phonics.' " Mr. Zuill and Mr. Rossi thought that the two and a half percent should be applied to gross sales, not profits, and they refused to sign the agreement. Mr. Shanahan responded, according to Mr. Rossi, by saying "that's all I can give you. Take it or leave it." None of the parties recalled arguing about Shanahan's claim to be the sole owner of the copyright, when the compensation arrangement was proposed in 1987.

Though Mr. Shanahan disputes some of the facts as set out below, for purposes of summary judgment, we present the evidence in the light most favorable to the opponents of the motion, Mr. Zuill and Mr. Rossi. *United States ex rel. Anderson v. Northern Telecom, Inc.*, 52 F.3d 810, 815 (9th Cir. 1995). We assume for purposes of this decision that the music had sufficient originality to be copyrighted, and that the same music was used on the tapes from 1987 to 1991. We further assume, for purposes of this decision, that Mr. Zuill and Mr. Rossi provided sufficient creative input so that there would be a genuine issue of fact as to whether their work could have been copyrighted. These factual questions need not be decided in order to resolve the case. What is critical to this case and is not disputed, is that any claims to ownership by Mr. Zuill and Mr. Rossi were expressly repudiated by Mr. Shanahan and his company in 1987. Mr. Shanahan had also claimed to be the "sole owner" in an earlier proposed financial agreement.

Mr. Shanahan and the corporations he used to market Hooked on Phonics and its predecessors expressly and repeatedly claimed sole ownership of the copyright in 1986 and 1987. They did so by saying so expressly in writing, and by furnishing copies of the Symphonics product in August 1986 with a printed copyright notice. The compensation agreement tendered in January of 1987 claimed sole ownership of the copyright. In the Spring of 1987, Mr. Zuill received a copy of Hooked on Phonics, stating in writing that HMS Publishing Company owned the copyright, and he learned at that time that Mr. Shanahan's company was marketing the product.

Mr. Shanahan was unsuccessful, for quite some time, in his marketing. He first called it Symphonics, then McPhonics when he was trying to sell it through McDonald's, finally Hooked on Phonics. The product was gradually improved and expanded, and eventually caught on. During the first few years, no profits were made, and Mr. Shanahan advised Mr. Zuill and Mr. Rossi of that.

Then in the 1990s, Mr. Shanahan, through the corporation he used to sell Hooked on Phonics, started making money from it. Mr. Zuill and Mr. Rossi sued him in October of 1991, claiming to be co-owners of one-third interests in Hooked on Phonics. They sought a declaratory judgment of co-ownership, an injunction, an accounting for their claimed share, and other relief.

The district court granted summary judgment against Mr. Zuill and Mr. Rossi on the copyright claims, holding that they were barred by the statute of limitations. The court declined to exercise supplemental jurisdiction over the state claims, breach of contract and others, and dismissed them without prejudice so that they could be adjudicated in state court.

ANALYSIS

The district court found the action barred by the copyright statute of limitations, 17 U.S.C. § 507(b), and granted sum-

mary judgment to the defendants. We review the district court's grant of summary judgment *de novo*. *Jesinger v. Nevada Federal Credit Union*, 24 F.3d 1127, 1130 (9th Cir. 1994).

1. Statute of Limitations.

Mr. Zuill and Mr. Rossi claim to be "authors of a joint work," so that copyright vested in them as well as Mr. Shanahan as "co-owners." 17 U.S.C. § 201(a). It is possible, under the evidence developed at the time of summary judgment, that the work of Mr. Zuill and Mr. Rossi could have been "for hire," so that Mr. Shanahan was the author for purposes of copyright, 17 U.S.C. § 201(b). Mr. Zuill and Mr. Rossi did not claim that Mr. Shanahan was not an owner, just that they were co-owners. Mr. Shanahan's successful defense in district court was that the co-ownership claim was barred by the statute of limitations.

[1] This copyright action pursuant to Title 17 of the United States Code was governed by a three year statute of limitations:

> **(b) Civil Actions.** No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued.

17 U.S.C. § 507(b). Mr. Shanahan's theory, which prevailed below, is that if Mr. Zuill and Mr. Rossi had a claim to be co-owners, it accrued no later than early 1987, so the 1991 law suit was barred. Mr. Zuill's and Mr. Rossi's theory is that so long as their music was used in Hooked on Phonics, a new claim arose every time the product was sold, and their 1991 law suit was not barred for sales during the three years from 1988 to 1991. We conclude that claims of co-ownership, as distinct from claims of infringement, accrue when plain and express repudiation of co-ownership is communicated to the

claimant, and are barred three years from the time of repudiation.

[2] The putative co-owners, Mr. Zuill and Mr. Rossi, argue that the statute of limitations cuts off the remedy, but not the right. By that, they mean their right to co-ownership lasts as long as the copyright can — lives of the creators plus fifty years, 17 U.S.C. § 302(b) — and only their remedy for stale infringements would be barred. This argument fails because they have not sued for infringement and could not. They claim to be co-owners with defendants. "A co-owner of a copyright cannot be liable to another co-owner for infringement of the copyright." *Oddo v. Ries*, 743 F.2d 630, 632-33 (9th Cir. 1984). Because a co-owner is an owner, he has a right to use or license the use of the copyright, and cannot be an infringer: his duty to account to other co-owners for profits arises from equitable doctrines relating unjust enrichment and general principles of co-ownership, and does not amount to an infringement claim. *Id.* at 633. An infringement claim can be brought only against one who violates "the exclusive rights of the copyright owner," *see* 17 U.S.C. § 501(a), (b), and an owner does not have rights exclusive of a co-owner's, so an infringement claim cannot lie against a co-owner.

[3] Because they have no infringement claim, we cannot identify an asserted right of plaintiffs which can withstand the statute of limitations. The remedy they seek is a declaration that they are co-owners, and none of the subsidiary remedies, for an accounting and so forth, are independent of that remedy.

Plaintiffs cite legislative history, which says that the intention of Congress was that the statute of limitations would extend to remedies and not substantive rights.[1] The legislative

[1] "The committee wishes to emphasize that it is the committee's intention that *the statute of limitations, contained in this bill, is to extend to the remedy of the person affected thereby, and not to his substantive rights.* With regard to this point the House report states:

history does not speak to the issue in the case. Plaintiffs were not attempting to enforce their right collaterally in the manner described in the legislative history, or to assert any sort of equitable tolling, or otherwise to claim a remedy not barred. A claim for declaratory relief is subject to a statute of limitations generally applicable to civil claims, *see Levald v. City of Palm Desert*, 998 F.2d 680, 688 (9th Cir. 1993).

> It may be well to point out that statutes of limitations take the form of a limitation upon the substantive right or upon the remedy. Under the former, the right of action is extinguished at the end of the period and the courts usually have no jurisdiction with regard to actions that are not instituted within the appropriate period. In addition, the courts generally do not permit the intervention of equitable defenses or estoppel where there is a limitation on the right.
>
> Under the remedial type of statute, the basic right is not extinguished, but the limitation is applied merely to the remedy. In some instances the right itself can be enforced *collaterally*, as in the case of a mortgage foreclosure subsequent to the expiration of a statutory limitation period for payment of a debt. *Equitable considerations are available to prolong the time* for bringing suit in such cases where there exist the *disabilities* of insanity or infancy, absence of the defendant from the jurisdiction, fraudulent concealment, etc.
>
> As far as this committee has been able to ascertain, all State statutes of limitation, which now govern the Federal courts in copyright actions, are limitations upon the remedy, and the present bill has been drawn to apply this concept to a uniform Federal period of limitations. The committee has not been unmindful that the 6-year statute of limitations in the Patent Code (35 U.S.C. 286) is a limitation upon the substantive right rather than upon the remedy. However, the relatively longer period limitation provided therein compensates for the difference in concept. Moreover, it was considered that the long-standing fact that both the copyright bar and the courts have become accustomed to a limitation based upon the remedy warranted a continuation of this concept in the present bill.

S.Rep. 85-1014, p. 1963 (1957) (emphasis added).

There is a surprising lack of precedent on the question of when a cause of action claiming co-ownership of a copyright accrues. Plaintiffs rely on a Second Circuit case, which held that the statute of limitations did not bar a claim of ownership. *See Stone v. Williams*, 970 F.2d 1043 (2d Cir. 1992). It may be that *Stone* is distinguishable because of its "highly idiosyncratic facts," *see* 1 M. Nimmer & D. Nimmer, Nimmer on Copyright, § 12.05 n.2.2 (1992), such as that Hank Williams's daughter's claim to be an owner had to await judicial determination in that she was in fact Hank Williams' daughter and heir. Her ownership claim was based on being an heir rather than being a joint creator. *See Stone v. Gulf American Fire & Casualty Co.*, 554 So.2d 346 (Ala. 1989). Because it is not controlling authority in this circuit, we need not decide whether *Stone* is properly distinguishable.

We have accepted the proposition, applied in *Stone*, that "the statute bars recovery on any claim for damages that accrued more than three years before commencement of suit," neither barring infringing acts within the limitations period, nor reaching back to infringements prior to the statutory period. *Roley v. New World Pictures, Ltd.*, 19 F.3d 479, 481 (9th Cir. 1994); *cf. Jackson v. Axton*, 25 F.3d 884, 887 n.2 (9th Cir. 1994). That proposition has no application to a co-ownership claim, as opposed to an infringement claim. Although "laches may be a defense to an action seeking a declaration of co-authorship," the defense here, statute of limitations, is legal rather than equitable, so it "may give defendants repose" and is not "premised on a showing of prejudice." *Jackson*, 25 F.3d at 887-88.

[4] Plaintiffs argue that this construction of the statute which we adopt creates something like adverse possession to copyright ownership. We accept that there is some similarity between co-ownership of a copyright, and tenancy in common in real property. *See, e.g., Stone*, 970 F.2d at 1048 (claim accrued at time that "a reasonably diligent person . . . would have been put on inquiry as to existence of a right . . ."). An

express or implicit ouster of a cotenant by an unequivocal act of ownership starts the adverse possession statute of limitations running. 4 Tiffany, *The Law of Real Property* § 1185 (3rd ed. 1975); 20 Am. Jur. 2d, Cotenancy and Joint Ownership, § 115, at 205-06 (1995) ("Where a cotenant has been ousted by his cotenant, the statute of limitations commences to run from the date of the ouster"). We see nothing wrong with this resemblance. Copyright, like real estate, lasts a long time, so stability of title has great economic importance. The Supreme Court has reminded us that "Congress' paramount goal in revising the 1976 Act [was] enhancing predictability and certainty of copyright ownership." *Community for Nonviolence v. Reid,* 109 S. Ct. 2166, 2177 (1989). "Because copyright ultimately serves the purpose of enriching the general public through access to creative works, it is peculiarly important that the boundaries of copyright law be demarcated as clearly as possible." *Fogerty v. Fantasy, Inc.,* 114 S. Ct. 1023, 1030 (1994).

[5] Plaintiffs further argue the desirability of allowing putative co-owners to wait to see whether there is pecuniary value to a law suit, before cluttering the courts. But the court's administrative gain if lawsuits can be postponed this way is offset by the burden and deterrent to development and marketing by a co-owner. It is inequitable to allow the putative co-owner to lie in the weeds for years after his claim has been repudiated, while large amounts of money are spent developing a market for the copyrighted material, and then pounce on the prize after it has been brought in by another's effort. "Delay under such circumstances allows the [putative] owner to speculate without risk with the other's money." *Haas v. Leo Feist, Inc.,* 234 F. 105, 108 (S.D.N.Y. 1916) (Learned Hand, J.).

[6] A claim for a declaratory judgment of co-ownership and the relief ancillary to such a claim is a civil action, and "[n]o civil action shall be maintained . . . unless it is commenced within three years after the claim accrued." *See* 17 U.S.C.

§ 507(b). Mr. Shanahan's plain and express repudiation in 1986 and 1987 of any claim to co-ownership caused Mr. Zuill's and Mr. Rossi's action, if any, to accrue, so the district court properly found the action to be barred by the statute of limitations. An infringement occurs every time the copyrighted work is published, but creation does not. Creation, rather than infringement, was the gravamen of plaintiffs' co-ownership claim, so the claim did not accrue upon subsequent publication.

2. Costs.

The district judge, in the exercise of his discretion, did not award attorneys' fees to either side. "[A]ttorneys' fees are to be awarded to prevailing parties only as a matter of the court's discretion," not automatically. *Fogerty*, 114 S. Ct. at 1033. The court awarded costs in favor of defendants.

[7] Two aspects of the costs award are challenged.[2] First, the court awarded $3,661 which defendants paid to another law firm to get certified copies to prove copyright registration. The district court treated this as falling within the 28 U.S.C. § 1920(4) category of "fees for exemplification and copies of papers necessarily obtained for use in the case." Fees for exemplification and copying "are permitted only for the physical preparation and duplication of documents, not the intellectual effort involved in their production." *Romero v. City of Pomona*, 883 F.2d 1418, 1428 (9th Cir. 1989). *Crawford Fit-*

[2]The District Judge has notified the panel, pursuant to General Order 10.10, that appellants did not, in the district court, challenge the costs on the ground that they were not allowed by 28 U.S.C. § 1920. They did, however, challenge the portion of the costs award which we vacate under the portions of Local Rule 16. That Local Rule includes limitations on costs like those of 28 U.S.C. § 1920. Appellee did not argue that we should reject the challenge on the ground that it was not raised in district court. The issue is purely legal. We have therefore exercised our discretion to consider the issue of conformity with the costs award to 28 U.S.C. § 1920 on appeal.

ting Company v. J.T. Gibbons, Inc., 482 U.S. 437 (1987) "strictly limits reimbursable costs to those enumerated in section 1920," and "a district court may not rely on its 'equity power' to tax costs beyond those expressly authorized by section 1920." *Romero*, 883 F.2d at 1428.

[8] Of these expenses, $2,114 were Copyright Office fees and expenses of photocopying the documents and shipping them to defense counsel. The remaining $1,547 was for attorneys' fees and related "intellectual effort involved in their production." *Romero* compels the conclusion that the $1,547 could be awarded, if at all, only as attorneys' fees, and not as exemplification fees awardable as costs under 28 U.S.C. § 1920.

[9] Second, the district court awarded $4,752.90 for deposition summaries prepared for defendants' law firm by "Independent Summarizers Association," apparently a firm which summarizes transcripts of depositions for attorneys. This falls within none of the subsections of 28 U.S.C. § 1920, and is a traditional legal service rather than a cost. Whether lawyers summarize their own depositions, or hire others to do it for them, a shifting of that cost must be made, if at all, under *Crawford* and *Romero* as attorneys' fees.

CONCLUSION

[10] The district court judgment is AFFIRMED, insofar as the copyright claims of the plaintiffs are dismissed. It is REVERSED, with regard to the costs award. The district court should file an amended judgment deleting the award of the contested costs described above.

UNITED STATES DISTRICT COURT

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CENTRAL DISTRICT OF CALIFORNIA

FEB 25 1993

PAUL ZUILL, and LOU ROSSI,
Plaintiffs,

vs.

JOHN SHANAHAN, an individual; JOHN HERLIHY, an individual; GATEWAY EDUCATIONAL PRODUCTS, LTD, a California corporation; HMS PUBLISHING CO., LTD, a business entity of unknown form; SHANAHAN PUBLISHING COMPANY, a business entity of unknown form; HOOKED ON PHONICS, a California Corporation; HOOKED ON MATH, a California Corporation; THE READING REVOLUTION, a California Corporation; DOES 1-100,INCLUSIVE,

Defendants.

CASE NO. SA CV 91-561 GLT (RWRx)

[FILED UNDER SEAL] ORDER GRANTING PARTIAL SUMMARY ADJUDICATION AND DISMISSING PLAINTIFFS' FIRST, SECOND, THIRD AND EIGHTH PURPORTED CAUSES OF ACTION WITH PREJUDICE

The Motion of Defendants Gateway Educational Products, Ltd., John Shanahan, John Herlihy, HMS Publishing Company, Ltd., Shanahan Publishing Company, Hooked On Phonics, Inc., Hooked On Math, Inc., and The Reading Revolution, Inc. ("Defendants") for Partial Summary Adjudication and Dismissal With Prejudice of Plaintiffs' First, Second, Third and Eighth purported causes of Action was heard by this Court on February 8, 1993.

Having considered the papers in support of, and in opposition to, the Motion, and the oral arguments of counsel, the Court finds that there are no genuine issues of material fact that Plaintiffs' copyright claims based on alleged joint authorship of Defendants' copyrightable works accrued more than three years before Plaintiffs commenced any action thereon and are barred by 17 U.S.C. §507(b). Thus, in accordance with F.R.C.P. Rules 56 (b) and (c), Defendants are entitled to an adjudication as a matter of law against Plaintiffs on Plaintiffs' First, Second, Third and Eighth Causes of Action.

Therefore, IT IS HEREBY ORDERED that the First, Second, Third and Eighth purported causes of Action set forth in the body of Plaintiffs' Complaint are dismissed with prejudice.

DATED: February 24, 1993

/s/ Gary L. Taylor
The Hon. Gary L. Taylor
United States District Judge

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

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MAR 15 1993

PAUL ZUILL, and LOU ROSSI,

Plaintiffs,

vs.

JOHN SHANAHAN, an individual; JOHN HERLIHY, an individual; GATEWAY EDUCATIONAL PRODUCTS, LTD, a California corporation; HMS PUBLISHING CO., LTD, a business entity of unknown form; SHANAHAN PUBLISHING COMPANY, a business entity of unknown form; HOOKED ON PHONICS, a California Corporation; HOOKED ON MATH, a California Corporation; THE READING REVOLUTION, a California Corporation; DOES 1- 100, INCLUSIVE,

Defendants.

CASE NO. SA CV 91-561 GLT(RWRx)

[FILED UNDER SEAL] AMENDED ORDER GRANTING DEFENDANTS' MOTION FOR PARTIAL SUMMARY ADJUDICATION AND DISMISSING PLAINTIFFS' FIRST, SECOND, THIRD, AND EIGHTH COUNTS WITH PREJUDICE BASED ON THE STATUTE OF LIMITATIONS (17 USC §507(b)) AND CERTIFYING THIS INTERLOCUTORY ORDER FOR APPEAL

The Motion of Defendants Gateway Educational Products, Ltd., John Shanahan, John Herlihy, HMS Publishing Company, Ltd., Shanahan Publishing Company, Hooked On Phonics, Inc., Hooked On Math, Inc., and The Reading Revolution, Inc. ("Defendants") for Partial Summary Adjudication and Dismissal With Prejudice of Plaintiffs' First, Second, Third and Eighth purported causes of Action (the "Motion") was heard by this Court on February 8, 1993.

Having considered the papers in support of, and in opposition to, the Motion, and the oral arguments of counsel, the Court finds for the reasons stated at the hearing of the Motion that there are no genuine issues of material fact that Plaintiffs' copyright claims based on alleged joint authorship accrued more than three years before Plaintiffs commenced any action thereon and are barred by the three year statute of limitations set forth in 17 U.S.C. §507(b). In the Court's view, Stone v. Williams, 970 F. 2d 1043 (2d Cir. 1992) falls within the body of authority which applies the "continuing harm" doctrine to copyright cases. This Court follows the contrary body of law holding the doctrine inapplicable, at least in the copyright co-ownership context. Thus, in accordance with F.R.C.P. Rules 56 (b) and (c), Defendants are entitled to an adjudication as a matter of law against Plaintiffs on Plaintiffs' First, Second, Third and Eighth counts.

Therefore, IT IS HEREBY ORDERED that the First, Second, Third and Eighth counts set forth in the body of Plaintiffs' Complaint are dismissed with prejudice.

CERTIFICATION FOR APPEAL PURSUANT TO 28 U.S.C. § 1292(b)

The Court is of the opinion that its order set forth above involves a controlling question of law as to which there is a substantal ground for difference of opinion and that an immediate appeal from the order may materially advance the ultimate termination of the litigation.

The order granting the Motion involves a controlling question of law because the Court's application of the statute of limitations (17 U.S.C. §507(b)) disposes of plaintiffs' claims of copyright joint authorship and leaves the plaintiffs exclusively with state common-law claims.

In this Court's opinion, there is a substantial ground for difference of opinion as to the issue of whether §507(b) should bar plaintiffs' claim of copyright joint authorship in their entirety and this Court finds the question presented to be a case of first impression in the Ninth Circuit.

An immediate appeal from the order of this Court may materially advance the ultimate termination of the litigation. A decision by the Court of Appeals will determine whether plaintiffs can proceed with their claims of copyright joint-authorship and allow a single trial of all of plaintiffs' claims.

Now, therefore, it is hereby ordered.

1. Further proceedings in the District Court are stayed

pending this appeal.

2. The First, Second, Third and Eighth counts set forth in the body of Plaintiffs' Complaint are dismissed with prejudice.

Done in open Court this 15th day of March , 1993.

/s/ Gary L. Taylor
United States District Judge

Calendar No. 1038

85TH CONGRESS 1st Session | SENATE | REPORT No. 1014

STATUTE OF LIMITATIONS ON CIVIL COPYRIGHT ACTIONS

AUGUST 19, 1957.—Ordered to be printed

Mr. O'MAHONEY, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H. R. 277]

The Committee on the Judiciary, to which was referred the bill (H. R. 277) to amend title 17 of the United States Code entitled "Copyrights" to provide for a statute of limitations with respect to civil actions, having considered the same, reports favorably thereon, without amendment and recommends that the bill do pass.

PURPOSE

The purpose of the bill is to provide a statute of limitations with respect to civil actions relating to copyrights.

STATEMENT

An identical bill, H. R. 781 also passed the House in the 84th Congress but too late for action in the Senate. Title 17 of the United States Code which relates to copyrights presently provides for a 3-year statute of limitations on criminal proceedings for copyright violations in section 115 of that title. At present the title does not provide for any statute of limitation with regard to civil copyright actions.

In civil copyright actions at present the courts apply the law of the State in which the action is brought with respect to the limitation on commencement of action. This leads to quite a diversity of statutes of limitations with regard to copyrights. Some courts have applied the State statute of limitations pertaining to torts to civil actions brought under the copyright statutes, other courts have applied the State

23004°—58 S. Rept., 85-1, vol. 4——13

statute of limitations pertaining to conversions, injuries to personal rights, injuries to property rights, trover, liabilities not under contract or other general provisions. These interpretations naturally can result in a wide divergence of time periods with respect to the limitation on the commencement of civil copyright actions. This in turn also permits "forum shopping" by claimants. Certain states such as California, which due to the centralization of the movie industry, have adopted relatively short statutes of limitations. Other States where the incident of copyright actions is low have applied longer periods for the commencement of actions. Naturally the makers of motion pictures and the publishers of songs and books and other works of arts are interested in obtaining a shorter statutory period while persons who might have their copyrights infringed are interested in a longer period. The committee notes, however, that irrespective of the length of a period it is highly desirable to provide a uniform period throughout the United States.

The committee, having agreed that a uniform statute is desirable, believes that, broadly speaking, two problems must be determined. First, what would be the most equitable period in view of the contrary interests of the various groups and particularly in view of the existing 3-year period with regard to criminal actions. Secondly, should specific equitable considerations with reference particularly to tolling the statute be set out in the statute and should the statute also apply to collateral rights.

Hearings were held by the House Judiciary Committee in the 84th Congress on the identical bill at which testimony was elicited tending to show that in Alabama the statute of limitations applied to this type of action is 1 year, in California the civil code provisions for torts was held to apply which established a period of 2 years. In New York, although there has been some conflict, the period is apparently 6 years. The testimony indicated that in Wyoming the period was 8 years. At the House hearing, testimony was had from the legal adviser of the Copyright Office, representatives of the American Bar Association, committee on copyright law provision and also from interested industrial associations. All of these witnesses agreed to a 3-year uniform period, feeling that this represents the best balance attainable to this type of action. It was pointed out that due to the nature of publication of works of art that generally the person injured receives reasonably prompt notice or can easily ascertain any infringement of his rights. The committee agrees that 3 years is an appropriate period for a uniform statute of limitations for civil copyright actions and that it would provide an adequate opportunity for the injured party to commence his action.

With respect to the question of having equal criminal and civil statutes of limitations the committee understands that actions brought under the criminal copyright provisions are extremely rare. Therefore, the committee sees no substantial reason for not having statutes of equal periods for both criminal and civil copyright actions.

The said House hearing also brought forth testimony with regard to specifically enumerating certain equitable considerations which might be advanced in connection with civil copyright actions. Generally speaking, these considerations broke down as follows: The absence of the defendant from the United States, the period in which the person injured is under a legal disability, and the interval between the

death of either party and the appointment of an executor or administrator. Further, there was some discussion of the question of fraudulent concealment, but it was pointed out that the nature of copyright protection and present practices in the publishing industry reduced this last possibility to a minimum.

With respect to the question of specifically enumerating various equitable situations on which the statute of limitations is generally suspended, the House Judiciary Committee reached the conclusion that this was unnecessary, inasmuch as the "Federal district courts, generally, recognize these equitable defenses anyway." This committee concurs in that conclusion. The committee points out further that a person in court normally expects the equitable consideration of the locality to apply. A specific enumeration of certain circumstances or conditions might result in unfairness to some persons.

The committee wishes to emphasize that it is the committee's intention that the statute of limitations, contained in this bill, is to extend to the remedy of the person affected thereby, and not to his substantive rights. With regard to this point the House report states:

> It may be well to point out that statutes of limitations take the form of a limitation upon the substantive right or upon the remedy. Under the former, the right of action is extinguished at the end of the period and the courts usually have no jurisdiction with regard to actions that are not instituted within the appropriate period. In addition, the courts generally do not permit the intervention of equitable defenses or estoppel where there is a limitation on the right.
>
> Under the remedial type of statute, the basic right is not extinguished, but the limitation is applied merely to the remedy. In some instances the right itself can be enforced collaterally, as in the case of a mortgage foreclosure subsequent to the expiration of a statutory limitation period for payment of a debt. Equitable considerations are available to prolong the time for bringing suit in such cases where there exist the disabilities or insanity of infancy, absence of the defendant from the jurisdiction, fraudulent concealment, etc.
>
> As far as this committee has been able to ascertain, all State statutes of limitation, which now govern the Federal courts in copyright actions, are limitations upon the remedy, and the present bill has been drawn to apply this concept to a uniform Federal period of limitations. The committee has not been unmindful that the 6-year statute of limitations in the Patent Code (35 U. S. C. 286) is a limitation upon the substantive right rather than upon the remedy. However, the relatively longer period of limitation provided therein compensates for the difference in concept. Moreover, it was considered that the longstanding fact that both the copyright bar and the courts have become accustomed to a limitation based upon the remedy warranted a continuation of this concept in the present bill.

Section 2 of the bill provides that this legislation shall take effect 1 year after the date of its enactment. It is intended to apply not only prospectively to claims filed after the effective date, but retrospectively to claims accruing prior thereto, whether or not barred on the

SENATE REPORT RE STATUTE OF LIMITATIONS

Addendum D

effective date by previously existing law in the State in which the Federal court is located. The committee notes that this might create difficulty only in jurisdictions where a 1-year statute is applied but leads to a desirable uniformity of application. The purpose of postponing the effective date is to permit those who may have claims in Federal courts sitting in States where the period would be cut down to 3 years, a 1 year period following enactment in which to take appropriate action to protect their rights.

The Justice Department does not oppose enactment of this bill.

In view of the foregoing and for the reasons stated supra the committee recommends that H. R. 277 be favorably considered.

Attached hereto and made a part herewith is the report from the Library of Congress and the Department of Justice.

THE LIBRARIAN OF CONGRESS,
Washington, D. C., July 11, 1955.

Hon. EMANUEL CELLER,
United States House of Representatives,
House Office Building, Washington, D. C.

DEAR MR. CELLER: This will acknowledge your letter of June 30, 1955, and the enclosed copy of H. R. 781, a bill to amend title 17, United States Code, entitled "Copyrights" to provide for a statute of limitations with respect to civil actions, and requesting my views thereon.

Although the present copyright law contains a provision with respect to the limitation of criminal proceedings, it is silent as regards the limitation of civil actions. The proposed bill will remedy this deficiency by providing for a 3-year statute of limitations in civil actions.

The proposed addition to the present law would seem to be appropriate. In view of the present lack of a limitation in connection with copyright actions, the Federal courts apply State statutes of limitations in copyright proceedings. These vary from 1 to 6 years. This variation tends to encourage the practice of "forum shopping." In addition to this lack of uniformity as regards the time limitation, frequent difficulty is experienced in ascertaining the pertinent period of limitation in a given jurisdiction due to the absence of a specific copyright limitation. Thus, on any particular State, any one of the various limitations governing tort actions, conversions, injuries to personal rights, injuries to property rights, liabilities not arising from contract, or from a "catchall" classification, may ultimately be considered by the court to govern a copyright action. The proposed bill would eliminate the difficulty of ascertainment of time limitation and would provide a uniform period throughout the United States.

The existing State statutes of limitation generally provide for a suspension of the running of the limitation period in certain instances such as the absence of the defendant from the jurisdiction, the legal incapacity of either party, or the death of either party. The substitution of a uniform Federal statute of limitations in copyright actions for the present State statutes may create some future doubt regarding the suspension of the limitation in such instances. In order to eliminate any such doubt, it is recommended that section 115 (b) of H. R. 781 be amended to read as follows:

SENATE REPORT RE STATUTE OF LIMITATIONS

Addendum D

"(b) **Limitation of civil actions.**—No civil action shall be maintained under the provisions of this title unless the same is commenced within three years after the claim accrued, *Provided, That the running of the said period shall be suspended during such time as institution of the action is precluded by the absence of the defendant from the United States, or during such time as the person entitled to the cause of action is under legal disability, or during the interval, not to exceed six months, between the death of either party and the appointment of an executor or administrator.*" [New matter italics.]

It should be mentioned that the Register of Copyrights has discussed this legislation with various members of the copyright bar. The adoption of H. R. 781 with the additional provisos suggested above has been approved by the copyright committee of the Bar Association of the city of New York and the committee on copyright law revision of the American Bar Association. It should be mentioned that there has also been some sentiment for the inclusion in the proviso of an additional ground for suspension, namely that of fraudulent concealment. A majority of the copyright committee of the Bar Association of the city of New York are of the opinion that the fraudulent concealment item should be included. On the contrary, a majority of the committee on copyright law revision of the American Bar Association consider it unnecessary or unwise to include the fraudulent concealment provision. It is the opinion of the Register of Copyrights, which I share, that the nature of copyright infringement is such as to render it unlikely that many cases would arise where fraudulent concealment would be a material problem. Therefore, I have not suggested that it be included in the amendment to H. R. 781. However, if your committee is of the opinion that such a provision should be included, we will interpose no objection thereto.

It is noted that the language of H. R. 781 indicates that the limitation is one which conditions the remedy and not the substantive right. It is believed that the nature of copyright infringement, together with the relatively short period of limitation proposed in the bill, warrants the conclusion that a limitation on the remedy is appropriate. It has been stated that as a general rule "when a statute creating a new cause of action contains in itself a statute of limitations, the limitation imposed becomes an integral part of the right of action created by statute * * *". (*Penna. Company* v. *Deckert et al.*, 123 F. (2d) 979, 985 (Third Cir. 1941.) Most statutory causes of action are not entirely new, however, and have some relationship to causes of action formerly existing at common law. If the statutory action combines both new and old elements, the decision turns upon the intent of Congress, as expressed in the wording of the limitation, its legislative history, and the general purpose of the statute (*Midstate Horticultural Co.*, v. *Pennsylvania Railroad*, 320 U. S. 356, 360 (1943)). Thus each new Federal limitation must generally be tested in the courts in order to determine whether it is substantive or remedial. In order to obviate a possible interpretation that the proposed legislation is a limitation on the right, it is, therefore, recommended that, if the present bill is reported out of committee, the committee report contain a statement which would indicate that it is the intent

of the Congress that the amendment constitutes a limitation on the remedy only and not upon the right.

Sincerely yours,

L. QUINCY MUMFORD,
Librarian of Congress.

FEBRUARY 17, 1956.

Hon. EMANUEL CELLER,
Chairman, Commitee on the Judiciary,
House of Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Department of Justice concerning the bill (H. R. 781) to amend title 17 of the United States Code entitled "Copyrights" to provide for a statute of limitations with respect to civil actions.

Section 115 of title 17, United States Code, provides a 3-year period of limitation on the commencement of criminal proceedings for violation of the copyright code. However, the code provides no specific period of time within which civil actions must be instituted. As a result, civil actions for the infringement of copyrights are limited by the law of the State where the action is brought.

The bill would amend section 115 of title 17 United States Code by providing that no civil action shall be maintained under the provisions of the title unless commenced within 3 years after the claim accrued. The amendment would take effect 1 year after date of enactment and apply to all actions commenced on or after such effective date.

The Department of Justice would have no objection to the enactment of the bill.

The Bureau of the Budget has advised that there is no objection to the submission of this report.

Sincerely,

WILLIAM P. ROGERS,
Deputy Attorney General.

CHANGES IN EXISTING LAW

In compliance with section 4 of rule XXIX of the Standing Rules of the Senate, there is printed below in roman existing law in which no change is proposed, with matter proposed to be stricken out enclosed in black brackets, and new matter proposed to be added shown in italics:

TITLE 17 U. S. CODE

§ *115. Limitations.*

[§ 115. (a) Limitation of criminal proceedings.—] (*a*) *Criminal proceedings.*—No criminal proceedings shall be maintained under the provisions of this title unless the same is commenced within three years after the cause of action arose.

[(b) Limitations of civil actions.—] (*b*) *Civil actions.*—No civil action shall be maintained under the provisions of this title unless the same is commenced within three years after the claim accrued.

CHAPTER ANALYSIS

(Title 17 U. S. C., ch. 2)

SEC.

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[115. Limitation of criminal proceedings]
115. Limitations.

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